AFFORDABLE HOUSING TOPIC PAPER
October 2025

To support the Portsmouth Pre-Submission Local Plan 2024

Portsmouth
CITY COUNCIL

Executive summary

- This Affordable Housing Topic Paper provides a clear, evidence-based rationale to support Strategic Policy PLP17: Affordable Homes of the Portsmouth Pre-Submission Local Plan 2024. It links the policy to the evidence.

- The paper summarises the national policy requirements and guidance relating to affordable housing.

- The paper summarises the affordable housing needs identified in the Housing and Economic Development Needs Assessment (HEDNA), including a need for 851 social/affordable rented homes per annum (updated to 763 per annum in the HEDNA Update), and for 128 affordable home ownership homes per annum, with the greatest need being for rented accommodation.

- Past trends in affordable housing delivery are examined, demonstrating that an average of 30.5% of gross housing completions have been for affordable housing across developments in the City since 2011, and 35.5% of net completions have been for affordable housing.

- Viability evidence from the Development Viability Assessment is summarised, showing that a 30% affordable housing requirement is challenging to meet.

- The level of affordable housing need is set in context with the overall level of housing need and the housing target. The evidence behind the Local Plan's housing target is discussed separately in the Housing Background Paper.

- The paper sets out the proposed Policy PLP17 from the Portsmouth Pre-Submission Local Plan (2024), explaining the reasoning behind its content, including the 30% affordable housing requirement.

Contents

1. Introduction

1.1 The purpose of this paper is to set out the evidence and justification behind Strategic Policy PLP17: Affordable Homes in the Portsmouth Pre-Submission Local Plan 2024. This commences with a review of national policy and guidance, followed by a review of the affordable housing need evidence. Past trends in affordable housing delivery are then examined, followed by consideration of evidence on viability. The approach to setting the affordable housing policy is then explained, followed by an explanation of proposed policy PLP17: Affordable Housing.

1.2 The Portsmouth Pre-Submission Local Plan 2024, together with the Portsmouth Pre-Submission Local Plan Addendum 2025, will be examined under the National Planning Policy Framework (NPPF) published in December 2024. The majority of this Affordable Housing Topic Paper, therefore, relates to the December 2024 NPPF, and where references are made to the NPPF it should be taken as referring to the December 2024 version, unless otherwise stated.

1.3 The main evidence base documents discussed in this paper are: the Housing and Economic Development Needs Assessment (HEDNA, Dec 2023[1]); the HEDNA Update[2] (Oct, 2025); and the Development Viability Assessment (DVA, May 2024[3]). These documents provide recently prepared, comprehensive and robust evidence sources that are drawn on at various points throughout the paper.

1.4 Minor updates are being proposed to the wording of Strategic Policy PLP17: Affordable Homes in the Portsmouth Pre-Submission Local Plan 2024 via a Schedule of Changes which will be submitted to the Local Plan Inspector on submission of the Local Plan. These will be to reflect updated evidence, namely the HEDNA Update, and the NPPF 2024. The affordable housing policy is not included in the Portsmouth Pre-Submission Local Plan Addendum 2025.

[1] https://www.portsmouth.gov.uk/wp-content/uploads/2024/04/4-Portsmouth-HEDNA_Final-Report-Dec-2023-CONFIDENTIAL-1.pdf
[2] https://www.portsmouth.gov.uk/wp-content/uploads/2025/10/Portsmouth-HEDNA-Update-Final-Report-October-clean.pdf
[3] https://www.portsmouth.gov.uk/wp-content/uploads/2024/07/PCC-Development-Viability-Assessment-Update_2024.pdf

2. National Policy Context

2.1 Introduction

2.1.1 This section reviews affordable housing requirements set out in the NPPF and considers national planning policy guidance (PPG) on the matter.

2.2 Affordable Housing Need

2.2.1 The NPPF (paragraph 20) outlines that strategic policies should set out an overall strategy for the pattern, scale and design quality of places, and make sufficient provision for homes (including affordable housing). Paragraph 61 of the NPPF highlights the importance of the needs of groups with specific housing requirements being addressed, stating that: *'The overall aim should be to meet as much of an area's identified housing need, including with an appropriate mix of housing types for the local community.'*

2.2.2 Paragraph 63 indicates that within the context of establishing needs, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies. These groups should include those who require affordable housing (including Social Rent).

2.2.3 The Planning Practice Guidance (PPG) (Paragraph: 006 Reference ID: 67-006-20190722) states that strategic policy-making authorities will need to estimate the current number of households and projected number of households who lack their own housing or who cannot afford to meet their housing needs in the market (providing guidance on how to do so).

2.2.4 The PPG also notes (Paragraph: 001 Reference ID: 67-001-20190722) that strategic policy-making authorities will need to consider the extent to which the identified needs of specific groups (including those in need of affordable housing) can be addressed, taking into account the overall level of need identified using the standard method; the extent to which the overall housing need can be translated into a housing requirement figure for the plan period; and the anticipated deliverability of different forms of provision, having regard to viability.

2.3 Guidance on Policy Drafting

2.3.1 Paragraphs 64-66 of the NPPF set out specific requirements for planning policy on affordable housing:

'Where a need for affordable housing is identified, planning policies should specify the type of affordable housing[29] required (including the minimum proportion of Social Rent homes required), and expect it to be met on-site unless:

a) Off-site provision or an appropriate financial contribution in lieu can be robustly justified; and

b) The agreed approach contributes to the objective of creating mixed and balanced communities.

Provision of affordable housing should not be sought for residential developments that are not major developments [major development being development of 10 or more homes, or a site of 0.5ha or more in size]*, other than in designated rural areas (where policies may set out a lower threshold of 5 units or fewer). To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount[30].*

Where major development involving the provision of housing is proposed, planning policies and decisions should expect that the mix of affordable housing required meets identified local needs, across Social Rent, other affordable housing for rent and affordable home ownership tenures[31].'

2.3.2 The above quote from the NPPF contains various footnotes. Footnote 29 applies the definition of Affordable Housing from Annex 2 of the NPPF. The definition is as follows:

'***Affordable housing:*** *housing for sale or rent, for those whose needs are not met by the market (including housing that provides a subsidised route to home ownership and/or is for essential local workers); and which complies with one or more of the following definitions[90]:*

a) ***Social Rent:*** *meets all of the following conditions: (a) the rent is set in accordance with the Government's rent policy for Social Rent; (b) the landlord is a registered provider; and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision.*
b) ***Other affordable housing for rent:*** *meets all the following conditions: (a) the rent is set in accordance with the Government's rent policy for affordable Rent, or is at least 20% below local market rents (including service charges where applicable); (b) the landlord is a registered provider, except where it is included as part of a Build to Rent scheme (in which case the landlord need not be a registered provider); and (c) it includes provisions to remain at an affordable price for future eligible households, or for the subsidy to be recycled for alternative affordable housing provision. For Build to Rent schemes affordable housing for rent is expected to be the normal form of affordable housing provision (and, in this context, is known as Affordable Private Rent).*
c) ***Discounted market sales housing:*** *is that sold at a discount of at least 20% below local market value. Eligibility is determined with regard to local incomes and local house prices. Provisions should be in place to ensure housing remains at a discount for future eligible households.*
d) ***Other affordable routes to home ownership:*** *is housing provided for sale that provides a route to ownership for those who could not achieve home ownership through the market. It includes shared ownership, relevant equity loans, other low cost homes for sale (at a price equivalent to at least 20% below local market value) and rent to buy (which includes a period of intermediate rent). Where public grant funding is provided, there should be provisions for the homes to remain at an affordable price for future eligible households, or for any receipts to be recycled for alternative affordable housing provision, or refunded to Government or the relevant authority specified in the funding agreement.'*

2.3.3 Footnote 31 notes that the requirement to deliver a minimum of 25% of affordable housing as First Homes, as set out in 'Affordable Homes Update' Written Ministerial Statement dated 24 May 2021, no longer applies, though allows local planning authorities to continue to deliver First Homes if they judge that they meet local need.

2.4 Viability

2.4.1 In paragraph 35, the NPPF sets out that plans should set out the contributions expected from development, including setting out the levels and types of affordable housing provision required. Paragraph 35 makes clear that development contributions should not undermine the deliverability of the plan. The PPG (paragraph 001 Reference ID: 67-001-20190722) states that Authorities will need to consider the extent to which the identified needs of specific groups can be addressed in the area, having regard to viability.

2.4.2 The PPG provides guidance on viability and how this should relate to planning policies, stating: *'Policy requirements should be clear so that they can be accurately accounted for in the price paid for land. To provide this certainty, affordable housing requirements should be expressed as a single figure rather than a range. Different requirements may be set for different types or location of site or types of development.'* (Paragraph: 001 Reference ID: 10-001-20190509)

2.4.3 The PPG continues by indicating that: *'Viability assessment should not compromise sustainable development but should be used to ensure that policies are realistic, and that the cumulative cost of all relevant policies will not undermine deliverability of the plan.'* (Paragraph 002 Reference ID: 10-002-20190509). It suggests plan makers work in collaboration with the local community, developers and other stakeholders to create realistic, deliverable policies, informed by engagement with developers, landowners, and infrastructure and affordable housing providers. It also stipulates that: *'Policy requirements, particularly for affordable housing, should be set at a level that takes account of affordable housing and infrastructure needs and allows for the planned types of sites and development to be deliverable, without the need for further viability assessment at the decision making stage.'*

2.4.4 The PPG indicates that it is not necessary to test the viability of each site considered in a Local Plan (Paragraph: 003 Reference ID: 10-003-20180724). Instead, typologies of sites can be used, based on the type of sites that are likely to come forward for development over the plan period (Paragraph: 004 Reference ID: 10-004-20190509).

2.4.5 The PPG considers review mechanisms, stating that: *'Plans should set out circumstances where review mechanisms may be appropriate, as well as clear process and terms of engagement regarding how and when viability will be reassessed over the lifetime of the development to ensure policy compliance and optimal public benefits through economic cycles.'* (Paragraph 009 Reference ID: 10-009-20190509).

3. Affordable Housing Need Evidence

3.1 Introduction

3.1.1 The first step in preparing the affordable housing policy, was the preparation of evidence on affordable housing need. This section considers evidence on housing need from the HEDNA (2023) and HEDNA Update (2025), including findings from the Council's Housing Team. This relates to needs for social/affordable rented housing and affordable home ownership products generally. It does not go into detail on meeting specific needs of certain groups such as older people or students as those are dealt with in separate policies of the Portsmouth Pre-Submission Local Plan 2024.

3.2 Need for social/affordable rented housing

3.2.1 The net need for social/affordable rented housing was shown by the HEDNA (2023) to be significant, and was calculated as being 851 social/affordable rented homes per annum across the City. The HEDNA Update (2025) has updated this figure, resulting in a slightly lower figure of **763 social/affordable rented homes per annum**, which is still considered to be significant. The HEDNA Update (2025) explains the reason behind the reduced figure as being *'driven by a new (lower) estimate of overall household formation due to the use of 2022-based ONS projections.'*

3.2.2 Whilst the HEDNA Update (2025) concludes that both social and affordable rented housing is likely to be required, analysis points to a clear need for social rented housing. It states that: *'The analysis indicates that provision of at least 75% of rented affordable housing at social rents could be justified; albeit in setting planning policies, this will need to be considered alongside viability evidence.'*

3.3 Need for affordable home ownership products

3.3.1 The HEDNA Update (2025) considers the need for shared ownership and discounted market sales housing (which could include First Homes). For discounted market sales housing, it is concluded that the evidence does not support a need for First Homes or other discounted market products in a local context. For shared ownership, the findings point to shared ownership being a more affordable tenure than discounted market sales housing (including First Homes). The HEDNA Update (2025) does not identify a specific need figure for affordable home ownership products, however, the HEDNA (2023) did look at this in more detail as set out below.

3.3.2 The HEDNA (2023) assessed current and projected need for affordable home ownership products, analysing what the gap between renting and buying actually means in Portsmouth. In terms of income, the HEDNA (2023) shows in Table 6.4, that to buy a home in Portsmouth, an income of £40,000 per annum is required, whereas to rent, an income of £36,000 per annum is required. This shows there is quite a modest gap between the income needed to both buy and rent privately. The HEDNA (2023) suggests that an estimated 42% of households currently living in the private rented sector in Portsmouth already have sufficient income to buy a suitable lower quartile home, with only 5% of households falling in the rent/buy gap (able to afford to rent but not buy). The final 52% of households are estimated to have an income which means they cannot afford to rent privately (i.e. would need to spend more than the calculated threshold of their income on housing costs) although in reality it should be noted that many households will spend a higher proportion of their income on housing (these figures do not add up to 100% due to rounding). The HEDNA (2023) suggests that access to owner-occupation is being restricted by access to capital as well as some mortgage restrictions, rather than simply being due to the cost of housing to buy.

3.3.3 Looking at the 5% of households who can afford to rent but not buy and projecting forward to consider newly forming households in addition to that, as well as existing households who will fall into need, the HEDNA (2023) concludes that there is a need for around **128 affordable home ownership homes per annum** across the City.

3.4 Discussions with the Council's Housing Department

3.4.1 As part of preparing the HEDNA (2023), Iceni Projects spoke to the Council's Housing Department and identified a number of key findings. Firstly, that the majority (95%) of housing allocations go to high bands (highest level of need, mostly homeless households) when an available house comes up. However, of the 28% of households on the register in a medium band, the majority are in the wrong size home (either too big, or more likely too small). If those households were provided with a suitably-sized home, they would release their current home, thus helping to release smaller homes for use by those in higher bandings.

3.4.2 The Housing Team notes that shared ownership homes, including resales, are very popular. The equity shares for shared ownership schemes in the City are kept as low as possible, typically offered at 45%. They also flagged that unlike shared ownership products, low deposits are not a feature of First Homes or other discounted market sales products, making them far less popular than shared ownership products. Their preference is therefore, for shared ownership products over First Homes.

3.4.3 The Housing Team expressed a clear preference for social rented accommodation, noting that the government has put more money towards this in recent years. Officers indicated that the Council would build social rented accommodation itself if it can afford it, though the pressures on doing this were acknowledged, particularly given increased build costs.

4. Past Trends in Affordable Housing Delivery

4.1 Introduction

4.1.1 This section looks at the Council's track record of affordable housing delivery, through both development of Council-owned housing stock, and through working with public sector bodies and registered providers of social housing, as well as through schemes delivered by private developers.

4.2 Monitoring Data

4.2.1 The Council's annual monitoring data showing housing and affordable housing delivery since 2011 is shown below in Tables 1 and 2. Table 1 covers gross figures, Table 2 covers net figures. It is useful to look at both gross and net figures, as well as averages across a number of years, as sometimes in one year a large demolition has taken place, with replacement taking place in a subsequent year, which can make certain individual figures misleading if taken in isolation. The figures in Tables 1 and 2 cover the period since the adoption of the Portsmouth Plan in January 2012, which set affordable housing requirements in Policy PCS19 in a stepped range for developments of different sizes (8-10 dwellings at 20% affordable provision, 11-14 dwellings at 25% affordable housing provision, and 15+ dwellings at 30% affordable housing provision). The NPPF has, since its publication however, prevented the application of this policy to developments of 8 or 9 dwellings, as it specifies that only developments of 10 or more dwellings should be required to provide affordable housing.

Table 1: Percentage affordable housing completions (gross) 2011 - 2024

Year	Homes completed	Affordable Homes completed	Proportion affordable homes delivered (rounded)
2011/12	357	135	37.8%
2012/13	422	158	37.4%
2013/14	251	100	39.8%
2014/15	447	197	44.1%
2015/16	489	203	41.5%
2016/17	413	127	30.8%
2017/18	458	46	10.0%
2018/19	206	60	29.1%
2019/20	196	70	35.7%
2020/21	296	25	8.4%
2021/22	183	29	15.8%
2022/23	293	19	6.5%
2023/24	311	149	47.9%
Total 2011/12 - 2023/24	**4,322**	**1,318**	**Average of total 30.5%**

Table 2: Percentage affordable housing completions (net) 2011 - 2024

Year	Homes completed	Affordable Homes completed	Proportion affordable homes delivered (rounded)
2011/12	276	111	40.2%
2012/13	351	156	44.4%
2013/14	222	96	43.2%
2014/15	406	190	46.8%
2015/16	412	154	37.4%
2016/17	393	127	32.3%
2017/18	408	46	11.3%
2018/19	183	60	32.8%
2019/20	168	70	41.7%
2020/21	285	25	8.8%
2021/22	148	29	19.6%
2022/23	-26	19	-73.1%
2023/24	243	148	60.9%
Total 2011/12 - 2023/24	**3,469**	**1,231**	**Average of total 35.5%**

4.2.2 Tables 1 and 2 show a relatively strong historical delivery of affordable homes in the period 2011/12 - 2016/17, followed by a notable decline until the last monitoring year when there was a sharp increase. The period of low delivery from 2017/18 - 2022/23 is linked to slower than expected implementation of major development sites allocated in the 2012 Portsmouth Plan, resulting from delays in land assembly and changing market conditions. In the latter part of that period, from spring 2020, low levels of delivery are linked to the economic downturn, the Covid-19 pandemic, nutrient neutrality and increased levels of build costs.

4.2.3 The tables highlight changing trends in affordable housing delivery over a period of time (13 years) commensurate with the plan period required for new Local Plans (15 years from adoption). They show that delivery comes in waves, with the completion of specific, often larger schemes, for example, the former Kingston Prison site, demonstrating that appraising affordable housing delivery over a long time period is appropriate.

4.2.4 The key finding from Table 1 is that since 2011/12, affordable housing delivery has on average been 30.5% of the total (gross) homes completed, which is just above the 30% target set in the Portsmouth Plan 2012. The key finding from Table 2 is that since 2011/12, affordable housing delivery has on average been 35.5% of the total (net) homes completed, which again is comfortably above the target set in the Portsmouth Plan 2012. Obviously, the inclusion of schemes providing 100% affordable housing is increasing the average percentage, but Table 3 below shows numerous examples of where the 30% target is being met.

4.3 Examples of schemes providing affordable housing

4.3.1 Table 3 below provides examples of schemes providing affordable housing (based loosely on Table 12.7 from the DVA, but updated to reflect up-to-date planning application information, and providing some further examples of completions). This includes a range of development sites achieving affordable housing provision, at varying stages of development (permissions, starts and completions) and is correct as of January 2025.

Table 3: Examples of Affordable Housing Permissions in Portsmouth

Development Site	Status	S106 full policy compliant 30%	RP/PCC/Private developer site	Total units on site	Total affordable units (% of total units)
St James Hospital land - planning ref: 24/01117/FUL (replacing previous application for larger site ref: 18/00288/OUT)	Pending decision, resolution to grant subject to S106	Yes	Private developer	58	18 (30%)
Tipner East - Victory Quay - Planning ref: 22/01292/FUL	Permission granted	Yes	RP	830 - very large site	250 (30%)
Tipner East - Bellway Homes - Planning ref: 21/01357/FUL	Pending decision, resolution to grant subject to S106	Yes	Private developer	221 large site	67 (30%)
Silver Street - Planning ref: 20/01493/FUL (but re-submitted application 23/00863/FUL)	20/01493/FUL has consent but re-submitted new application with amended description (no change to no. units or affordable housing provision) is pending decision	Yes	Private developer	18 small site	6 (33%)
Land to the rear of 94 London Rd - Planning ref: 09/00216/OUT	Under construction, permitted under 09/00216/OUT which was a resubmission of permission 08/02160/OUT	Yes	Private developer	18 small site	6 (33%)
Doyle Avenue Hilsea - Planning ref: 20/00357/CS3	Completed 2022/23	Yes	PCC	16 small site	16 (100%)
Former Dairy site Station Road Drayton - Planning ref: 19/00592/REM, 17/00224/OUT	Completed 2021/22	Yes	Private developer	93 large site	29 (31%)

Albion House Kings Street - Planning ref: 15/00661/CS3	Completed 2020/21	Yes	PCC	23 small site	23 (100%)
Goldsmith Avenue land assembly - Planning ref: 15/02081/FUL	Completed 2019/20	Yes	RP	70 medium site	70 (100%)

4.3.2 Table 3 above demonstrates the Council's excellent track record of achieving policy-compliant development (compliant with adopted policy from 2012) with regards to affordable housing. According to the Council's Housing Team, this has been achieved through actively intervening in the market and working proactively with developers, registered providers and other bodies to enable this delivery. The Council's Housing Enabling Officer notes that larger developers are, in general, willing and able to provide 30% affordable housing and it would be deleterious in addressing the substantial need for affordable homes, evidenced in the HEDNA to lower expectation or the target in this regard. The Council also has a long history of joint working with public sector bodies, for example Homes England, to facilitate housing delivery in the City, for example, at Tipner East and St James' and Langstone Campus.

5. Viability Evidence

5.1 Introduction

5.1.1 In this section the results of the Development Viability Assessment (DVA) are considered in terms of its implications for affordable housing policy drafting. The DVA appraises the impact of policy requirements from the whole of the emerging Local Plan and from national requirements, for example, through Building Regulations, on development viability. The assessment was first carried out to inform the Regulation 18 stage of the Local Plan in 2020 and was subsequently updated, to inform the Portsmouth Pre-Submission Local Plan 2024, picking up changes in values, costs and the updates to the emerging Local Plan and changes in national policy.

5.1.2 Additional costs added in to the May 2024 revision of the DVA include allowing for: Option 1 of the Future Homes Standard and the Accessible and Adaptable Standards; second staircases in the flatted development modelling; costs of bird mitigation (Bird Aware as per the calculator which averages £600-£900 per unit), and nutrient neutrality mitigation (£2,500 per unit). The costs of CIL remains unchanged (£179.39 per sqm) and applied to market housing. The DVA was not updated in preparing the Portsmouth Pre-Submission Local Plan Addendum 2025 as the DVA was reviewed, found to be up-to-date and it was recommended that a further update would not be proportionate.

5.1.3 The *Development Viability Assessment, Pre-submission (Regulation 19) Update* (HDH, May 2024) is a comprehensive assessment of viability, undertaken as per the requirements of the NPPF, PPG and relevant guidance (including RICS Guidance and the *Viability Testing in Local Plans – Advice for planning practitioners* (LGA/Home Builders Federation – Sir John Harman) June 2012). This considered, amongst other things, the delivery of affordable housing.

5.1.4 The DVA uses a methodology consistent with the NPPF (which, at the time it was prepared in May 2024, was the NPPF 2023, but no significant changes were made in the NPPF 2024 which relate to the assessment of development viability) and Chapter 10 (Viability) of the PPG. The DVA takes a typology-based approach to preparing financial development appraisals, taking account of land values, sales values, and development costs. It does not take into account potential grant funding for affordable housing.

5.2 Key Outcomes for Affordable Housing from the Development Viability Assessment (2024)

5.2.1 Whilst the DVA has followed a methodology consistent with the NPPF, it is recognised in the DVA that there are limitations to high level viability testing, which states that:

'This is a challenge when considering policy proposals. It is necessary to determine whether or not the impact of a policy requirement on a development type that may appear only to be marginally viable will have any material impact on the rates of development or whether the developments will proceed anyway. Some development comes forward for operational reasons rather than for property development purposes.' (Paragraph 3.8).

5.2.2 The DVA recognises the constrained nature of Portsmouth, being *'a densely populated city with a growing population limited to an area of 40sqkm. It is tightly constrained by* *physical boundaries as an 'island' city, flood risk, historical land contamination and a number of nature conservation designations.'* These constraints have led to low levels of new development, meaning there is a shortage of comparable data on new developments, which makes the findings of viability testing less reliable, as averages have had to be taken from small datasets. This is flagged, for example, on Figure 4.8, which states (after naming the source) that: *'The sample size of Newbuild Homes is insufficient to provide meaningful values on a per bedroom basis.'* There are also potentially some inaccuracies in the data reflected in comments such as: *'The dataset* [Landmark sales data] *appears to include a large number of outliers that seem to be out of alignment with wider experience of the Portsmouth housing market.'*Average house prices in Portsmouth are relatively low, at £286,722, putting Portsmouth at 201st out of 331 Councils across England and Wales (paragraph 4.7). The average price paid for newbuild homes in Portsmouth is £313,530, higher than the overall average price, but the DVA notes that the price differential between new build and existing stock is substantially less in Portsmouth than in many other places. The rate of sales (sales per month) is also a little lower in Portsmouth than in the wider country*, 'underlining the fact that aspects of the local market are challenging.'* (Paragraph 4.10). The DVA from May 2024 shows that residential viability has decreased since the previous iteration of the assessment in 2020.

5.2.3 Findings from the DVA show that there is substantial variation in house prices across the City, and the assessment splits the City into higher value areas (Old Portsmouth, Port Solent, Gunwharf Quays, Southsea Seafront), medium value areas (Central Southsea, Fratton Park, Milton, Cosham, Drayton, Farlington) and lower value areas (elsewhere in the City). The assessment tests three sets of policy scenarios: lower, mid and higher requirements.

5.2.4 A total of 24 typologies, being representative of the anticipated development across the City, have been modelled. These include: large brownfield sites (over 50 units), small brownfield sites, urban flatted schemes and greenfield sites (though it is acknowledged that there are few greenfield sites in the area). These are then broken down into different scale and density typologies.

5.2.5 A range of affordable housing options in terms of amount (0%-40%) and tenure mix were viability tested to inform the Regulation 18 consultation draft Local Plan (0%-40%) in the 2020 DVA. The 2024 DVA re-tested options 0%-30% (40% assumed as not viable so not re-tested). The tenure mix assessment assumes a split of 70% social/affordable rent, and 30% affordable home ownership.

5.2.6 **The DVA finds that a requirement for 30% affordable housing is challenging to meet, such that it is not viable in most of the typologies tested. Whereas a requirement for 20% affordable housing is found to be viable in most circumstances.**

5.2.7 The DVA acknowledges that the results of the study are one of a number of factors that the Council will need to consider in setting policies in the emerging Local Plan, stating that the results of the appraisals do not, in themselves, determine the deliverability of development. In this regard it is important to consider the evidence presented in earlier sections of this topic paper, which outlines the significant need for new affordable homes in the City, and the Council's successful past delivery rates of affordable housing.

6. Setting the Affordable Housing Requirement

6.1 Introduction

6.1.1 This section looks at how the Council has approached setting the requirements in Strategic Policy PLP17: Affordable Homes, taking account of the evidence outlined in previous sections of this report, and setting this in context with the overall need for housing based on the standard method, and Portsmouth's proposed housing target.

6.2 Summary of the Evidence Base

6.2.1 In section 3 of this topic paper, the need for affordable housing from the HEDNA has been set out, showing a clear need for a large amount of affordable housing in the City. A need for 851 dwellings per annum was identified for social/affordable rented housing in the HEDNA (2023), which was revised down slightly to 763 dwellings per annum in the HEDNA Update (2025). The need for rented products is clearly much stronger than for affordable home ownership products, but there is a need for both tenures. 5% of households can afford to rent but not buy, leading to a need for 128 affordable home ownership homes per annum according to the HEDNA (2023).

6.2.2 The Portsmouth Pre-Submission Local Plan Addendum 2025 and the Housing Background Paper[4] set out the overall housing need (both market and affordable) based on the standard method (taken from the HEDNA Update (2025)). The standard method figure is 1,019 homes per annum. This is clearly above the annual affordable housing need figure (social/affordable rent) of 763 dwellings per annum. If the Local Plan housing target were to be set at the standard method figure, the only way to meet the affordable housing need in full, would be to have an affordable housing requirement of just under 75%, which would clearly not be viable or desirable, so it is inevitable that affordable housing needs will not be met in full in Portsmouth. In fact, for the reasons set out in the Housing Background Paper, the housing target has been set *below* the standard method figure, at 758 homes per annum (on average), which is also below the level of need for affordable housing, so whatever percentage requirement is set for affordable housing, there will be a substantial deficit of affordable housing provision compared to need.

6.2.3 In section 4, past trends in affordable housing delivery have been set out, showing that schemes have been delivering 30.5% gross affordable housing completions on average since 2011, and 35.5% net.

6.2.4 In section 5, the results of the DVA have been presented, showing that a requirement for 30% affordable housing is not likely to be viable in most typologies tested (and therefore not viable on most future development sites), whereas a requirement for 20% affordable housing is viable in most circumstances.

[4] https://www.portsmouth.gov.uk/services/development-and-planning/planning-policy/portsmouth-local-plan-evidence/homes/

6.3 Policy PLP17: Affordable Housing from the Portsmouth Pre-Submission Local Plan 2024 (as amended in the Schedule of Changes)

6.3.1 Strategic Policy PLP17: Affordable Housing including the introductory and supporting text is set out in Appendix 1 of this paper. This includes amendments proposed in the Schedule of Changes.

6.3.2 Part 1 of the Policy applies the threshold from the NPPF of 10 or more dwellings (or a site area of 0.5ha or more). The requirement in criterion 1(a) is set at 30%. Although the DVA shows that 30% affordable housing is not viable in most typologies, whereas 20% is viable in most circumstances, past delivery has shown that provision of 30% or above has been provided on average since 2011. The DVA recognises that there are limitations to viability testing, and the findings should be considered in the round, including having regard to what is happening on the ground (paragraph 10.1). The impact of grant funding, and wider public sector interventions in the market, are also not taken into account (whilst this is the correct approach for the DVA to take, as affordable housing provided via S106 is not eligible for grant funding, there is grant funding available for some developments where affordable housing is provided outside of the S106 mechanism). This, together with the large amount of affordable housing need set out in the HEDNA, has led the Council to set the requirement at 30%. The Council states in the introductory text to the Policy (paragraph 6.21) that it: *'considers it preferable to set an affordable housing requirement that is ambitious for the City, reflecting the priority to provide affordable housing for people in need.'*

6.3.3 The HEDNA (2023) and HEDNA Update (2025) both show a greater need for social/affordable rent than for affordable home ownership products, but neither recommends a specific split between these for policy-making purposes. So, the split set out in section 1(b) of the policy of 70% affordable rent and/or social rent, and 30% affordable home ownership has been selected based on discussions with the Council's Housing Department, and is consistent with the approach taken in the DVA. Whilst the NPPF now requires that planning policies should specify the type of affordable housing required including the minimum proportion of social rent homes required, the Council has decided not to require a specific amount of social rent homes, instead leaving the 70% element flexible on how this is split between affordable rent and social rent. This is because requiring a specific level of social rent would negatively impact on viability, such that it would reduce the overall level of affordable housing which could be delivered. The supporting text at paragraph 6.35 explains that social rents will be prioritised.

6.3.4 The policy wording does not preclude development of First Homes, as it allows for 'discounted market sales housing'. The Council considers that First Homes are not required to be specifically provisioned for as part of the delivery of affordable home ownership, and the Council's evidence base does not support the provision of First Homes. Rent to Buy is allowed for in part 1b) of the policy as part of 'another affordable route to home ownership'.

6.3.5 The requirement for "pepper-potting" in section 1(c) of the policy comes from discussions with the Housing Department and is in line with best practice for creating mixed communities.

6.3.6 Section 2 of the Policy seeks to prevent developers from "salami-slicing" developments (dividing the site up into small parts to deliberately circumvent the policy requirements) in order to avoid providing affordable housing.

6.3.7 The Council recognises that there will inevitably be schemes which cannot deliver 30% affordable housing, so allows for lower provision subject to viability in section 3 of the policy. As explained in the supporting text (paragraph 6.38), where the 30% provision is challenged by applicants, they will be required to submit a detailed viability assessment, prepared as per paragraph 10-008-20190509 of the PPG, and the Council will commission an independent review of this which the applicant/developer will need to pay for.

6.3.8 As the Council acknowledges that a number of applicants will successfully challenge the level of the affordable housing requirement, but the need remains high, and so provisions for a review mechanism have been put in place in section 4 of the policy. The supporting text at paragraph 6.39 explains that this is to ensure that affordable housing contributions can be identified if a development's viability improves over time.

6.3.9 Section 5 of the Policy reflects the NPPF provisions prioritising on-site provision of affordable housing.

6.3.10 Section 6 of the Policy refers to the Council's 'Providing Affordable Housing in Portsmouth' guidance[5], and Housing Standards SPD[6]. Both of these documents provide additional guidance on affordable housing delivery in Portsmouth. They will both be reviewed following the adoption of the Local Plan.

6.3.11 The Policy does not deal with Build to Rent schemes, as these are covered in Policy PLP19: Housing for Specific Groups.

6.3.12 The supporting text outlines that the Council will seek to further increase delivery of affordable housing through exceeding the 30% requirement on Council-owned sites where appropriate.

6.3.13 An amendment to the supporting text has been proposed in the Schedule of Changes to remove a stipulation in paragraph 6.33 that the policy only applies to dwellings within Use Class C3 as this contradicts paragraph 6.30 of the supporting text which explains that the policy applies to all residential development, not just those in Use Class C3. The DVA included the assumption that the policy would apply to all residential development.

---

[5] https://www.portsmouth.gov.uk/wp-content/uploads/2020/05/development-and-planning-providing-affordable-housing-in-portsmouth.pdf

[6] https://www.portsmouth.gov.uk/wp-content/uploads/2020/04/Housing-Standards-Supplementary-Planning-Document.pdf

Appendix 1 Policy PLP17: Affordable Housing from the Portsmouth Pre-Submission Local Plan 2024 as amended in the draft Schedule of Changes

(additions shown underlined, and deleted text shown as struck through)

Affordable Homes

Introduction

6.19 The provision of affordable homes is a key and pressing issue for the City. The HEDNA analysis identifies a notable need for affordable housing in the City amounting to 763 affordable homes per year. However, it is difficult to link the need for affordable housing to the overall housing need; indeed, there is no justification for trying to make the link. Put simply, the two do not measure the same thing. Furthermore, when considering affordable need, it has to be noted that many households already have housing, and do not therefore generate an overall net need for additional homes. Further issues arise as the need for affordable housing is complex, and additionally the extent of concealed and homeless households needs to be understood, as well as the role played by the private rented sector. Nevertheless, the provision of affordable housing should be maximised wherever possible and at every opportunity to support those who cannot afford to rent or secure a property on the open market in the City.

6.20 A Viability Assessment[7] was carried out to test the impact of all potential requirements on new residential development including affordable housing provision, Community Infrastructure Levy (CIL) payments, and environmental mitigation set through the new Local Plan, to understand whether the cost of these requirements would make development financially unviable. Not all development would have the same viability position and there is significant variation between different areas of the City and with different site circumstances. To set a requirement for the delivery of affordable housing as part of new residential scheme, a range of affordable housing thresholds were viability tested (0% – 40%)[8] to inform the Regulation 18 consultation draft Local Plan and re-tested (0% - 30%) in light of the latest economic circumstances and build costs in the pre-submission (Regulation 19) update to the Viability Assessment (2024)[9]. Within that range of thresholds, a split of tenures was used, with 70% to be provided as affordable/social rent and 30% to be provided as low-cost home ownership.

6.21 On balance, the Council considers it preferable to set an affordable housing requirement that is ambitious for the City, reflecting the priority to provide affordable housing for people in need. Therefore a 30% threshold has been selected, but with the flexibility of being subject to viability testing on a case by case basis.

6.22 Affordable housing can be delivered through a number of different products, including homes for affordable or social rent, discounted market sales, First Homes, shared ownership and Rent to Buy.

---

[7] https://www.portsmouth.gov.uk/newlocalplanevidencedoce

[8] https://www.portsmouth.gov.uk/wp-content/uploads/2021/09/PCC-Viability-26.10.20-Report-and-Appendicies_compressed.pdf

[9] https://www.portsmouth.gov.uk/newlocalplanevidencedoce

6.23 The HEDNA analysis suggests there will be a need for both social and affordable rent housing. The latter will be suitable particularly for households who are close to being able to afford to rent privately and possibly also for some households who claim full Housing Benefit. However, it is clear that social rents are more affordable and could benefit a wider range of households. Whilst national policy requires planning policies to specify the type of affordable housing required, including the minimum proportion of social rent homes required, the Council has chosen not to set a specific requirement for social rent due to potential impacts on overall viability of affordable housing. To add a specific requirement for social rent would negatively impact on viability, meaning that less affordable housing could be delivered overall. Social rent is already included in the requirement for 30% of affordable housing provision to be either affordable/social rent, and the Council has decided not to be more specific than this.

6.24 The Government see a continued role for Shared Ownership[10] in meeting affordable need, providing for additional investment into the housing sector through the new Affordable Homes Programme. As part of the new programme, some changes to the Shared Ownership scheme were introduced in order to help more people get onto the property ladder, including measures such as setting the initial share to a minimum of 10%, and introducing a 1% gradual 'staircasing' model to allow owners to increase their equity share over time.

6.25 The Council also see Shared Ownership as an important and advantageous form of affordable home ownership product for the City that meets an affordable need, since a lower deposit (for the equity share) to secure a property is likely to be required compared to other tenures such as First Homes. Additionally, the rental part of the Shared Ownership model can be subsidised by a Registered Provider, helping to keep monthly payments low for occupiers.

6.26 For Portsmouth, the Council considers that First Homes and/or other forms of discounted market sales housing are not required to be specifically provisioned for as part of the delivery of affordable home ownership. This is based on evidence from the HEDNA, HEDNA Update, and the Local Plan Viability Assessment, whereby the delivery of First Homes and/or other forms of discounted market sales housing could detrimentally impact the delivery of other affordable tenures that the Council deem as priorities for the City namely affordable and/or social rent and Shared Ownership. The market discount that is applied to First Homes is a cost that would need to be borne by a developer. The Viability Assessment has found that the provision of First Homes versus other forms of affordable home ownership, such as Shared Ownership, does not have a material impact on development viability. The approach will better meet the specific, evidenced need for affordable home ownership in the City, and does not preclude development of First Homes and/or other forms of discounted market sales housing should need arise during the plan period.

6.27 In addition, the HEDNA found that there is evidence that there is only a small gap in the incomes needed to buy or rent a home in the City, and therefore points to a very limited need for First Homes and/or other forms of discounted market sales housing.

[10] Government launched a 'New Model for Shared Ownership' in early 2021 (following a 2020 consultation)

Indeed, the income required and upfront capital to purchase a First Home or other form of discounted market sales housing and to maintain the monthly cost of ownership would be at a level much higher than that required for Shared Ownership homes, and therefore it would appear that First Homes and other forms of discounted market sales housing do not offer a genuine 'affordable' alternative to market homes compared to Shared Ownership, which has been a proven and in-demand form of affordable tenure for the City. It is for these reasons that the Council will not seek for specific provision to be made for First Homes or other forms of discounted market sales housing in development proposals.

6.28 A further affordable option is Rent to Buy; this is a Government scheme designed to ease the transition from renting to buying the same home. Initially (typically for five years) the newly built home will be provided at the equivalent of an affordable rent (approximately 20% below the market rate). The expectation is that the discount provided in that first five years can be saved by occupiers in order to put towards a deposit on the purchase of the same property. Rent to Buy can be advantageous for some households as it allows for a smaller step to be taken on to the home ownership ladder. At the end of the five-year period, depending on the scheme, the property is either sold as a shared ownership product or to be purchased outright as a full market property. If the occupant is not able to do either of these then the property is vacated.

Strategic Policy PLP17: Affordable Homes

1. Development proposals for ~~major development~~Major Development, where a gross number of 10 or more residential dwellings will be provided (or the site has an area of 0.5ha or more) will be permitted where they:

a) Make on-site provision for a minimum of 30% of the total residential dwellings as affordable homes;

b) Provide the tenure mix of the affordable homes as 70% affordable rent and/or social rent, and 30% as ~~another~~ affordable routes to home ownership (including shared ownership or discounted market sales housing); and

c) Are indistinguishable in design and appearance from the open market houses and shall normally be "pepper-potted" around the site.

2. Where there is an indication that a site or development has been artificially split in order to avoid policy requirements by being below the dwelling or site size threshold identified above, the Council will consider whether it would be appropriate to apply the policy requirements to each of the smaller sites individually, irrespective of their number of dwellings or site area, in order to secure the delivery of affordable housing in accordance with this policy.

3. Where development proposals do not meet the policy requirements for affordable housing the applicant will be required to:

a) Provide an open book viability assessment, that will be independently reviewed on behalf of the Council at the cost of the applicant, demonstrating that the

proposed affordable homes provision has been maximised and all other options have been fully explored; and

b) **Demonstrate that the proposal contributes towards creating mixed and balanced communities.**

4. **Where development proposals have been permitted that do not meet policy threshold requirements on affordable housing, the development will be subject to:**
   a) **An Early Stage Viability Review if an agreed level of progress on implementation is not made within two years of the permission being granted (or another period agreed by the Council);**
   b) **A Late Stage Viability Review which is triggered when 75% of the homes in a scheme are sold or let (or another period agreed by the Council); or**
   c) **Mid Term Reviews prior to implementation of phases for larger schemes.**

5. **On site-provision of new affordable homes will be prioritised. Where this has been robustly demonstrated to be neither feasible nor viable, then off-site provision or an appropriate financial contribution in lieu to provide affordable housing will be accepted where it can be robustly justified. Off-site provision should be through provision on an alternative site within the City.**

6. **Planning applications should where relevant have regard to the Providing Affordable Housing in Portsmouth**[11] **guidance (or future equivalent) and the Housing Standards SPD**[12] **(or future equivalent).**

Supporting Text

6.29 The purpose of this policy is to set out the minimum target number of homes that should be delivered as affordable homes for ~~major development~~ Major Development schemes involving residential use where either:

- a gross number of 10 or more residential dwellings will be provided; or the site has an area of 0.5ha or more.

6.30 The policy applies to all major development where ten or more residential dwellings (gross) are proposed, or the site has an area of 0.5ha or more, including mixed use schemes, specialist and supported housing, such as for older people and communal and co-living schemes, and other forms of residential development where relevant.

6.31 The requirement for affordable homes provision for Build to Rent schemes is included in Policy PLP19.

6.32 The Council will consider whether a site or development has been artificially split in order to avoid policy requirements. In such cases, the Council will apply the policy requirements to each of the smaller sites individually.

[11] https://www.portsmouth.gov.uk/wp-content/uploads/2020/05/development-and-planning-providing-affordable-housing-in-portsmouth.pdf

[12] https://www.portsmouth.gov.uk/wp-content/uploads/2020/04/Housing-Standards-Supplementary-Planning-Document.pdf

6.33 The target threshold and tenure mix of affordable homes will be calculated from the total residential dwellings of the site. ~~For the purpose of this policy, residential dwellings are dwellings within Use Class C3.~~ The target threshold is a minimum of 30% of the total residential dwellings are to be affordable homes, with the resulting quantum then used to work out the percentage mix required for the various tenures. To illustrate how this works, Table 6.2 is a worked example for a hypothetical proposed scheme delivering 100 homes.

Tenure of a hypothetical 100 homes scheme	**TOTAL**
70% of total homes as market homes	70 homes
30% of total homes as affordable homes	**30 homes**
Of which:	
70% of the remaining AH homes (23 homes) as general needs affordable rent and/or social rent	21 homes
30% of the remaining AH homes (23 homes) as another route to affordable home ownership	9 homes

Table 6.2: Worked example showing affordable housing provision

6.34 The overall affordable housing threshold and the affordable tenure mix are the minimum targets the Council will expect development to meet. Where calculations yield decimal numbers, for calculating the minimum 30% threshold the figure should be rounded up. For calculating the breakdown of affordable tenure, figures should be rounded down or up but with bias towards increasing the overall provision of affordable homes and appropriate tenures, especially affordable rent and/or social rent affordable homes since there is a high level of need in the City for these types of homes. In the example in Table 6.2, the figures have been rounded up or down in order to increase the overall provision of affordable and/or social rent.

6.35 ~~The HEDNA recommended that the~~ The Council has decided ~~should~~ not to have a rigid policy for the split between social and affordable rent housing, although the analysis is clear that both tenures and particularly social rented housing are likely to be required. Social rents should therefore be prioritised where delivery does not prejudice the overall delivery of affordable homes.

6.36 The Council will also seek to meet the need for affordable housing by providing greater proportions of affordable housing (up to 100%) on its own developments and land within its ownership, where appropriate, through the Housing Revenue Account and in partnership with Registered Social Landlords.

6.37 Developers/applicants should seek to engage with the Council at the earliest opportunity in order to discuss what would be the most appropriate affordable homes provision for a site/scheme.

6.38 Schemes that do not meet policy threshold requirements will be required to submit detailed viability assessment, which will be scrutinised and treated transparently. In such cases, the Council will commission an independent review of the submitted viability assessment, for which the developer/applicant will bear the cost.

6.39 Where a scheme that has been permitted but did not meet the relevant threshold requirements as set out in this policy, it will be subject to comprehensive review mechanisms secured by planning condition(s) and/or legal agreement. This is to ensure that affordable housing contributions can be identified if a development's viability improves over time. The definition of 'larger schemes' that will be subject to Mid Term Reviews will be at the Council's discretion and will depend on the nature and scale of the proposal.

6.40 The Council's Planning and Housing departments have produced the Providing Affordable Housing in Portsmouth[13] guidance and the 'Housing Standards SPD', both of which developers/applicants should have relevant regard to or to any future equivalent guidance.

[13] https://www.portsmouth.gov.uk/wp-content/uploads/2020/05/development-and-planning-providing-affordable-housing-in-portsmouth.pdf